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Becks with the Southey Sayer Wairarapa Koru's

The current situation with COVID-19 has reached the point where it affects us all. Within this newsletter we have outlined the recent Government response to the pandemic and encourage you to contact us with any questions or if we can be of any assistance to you.

We have a responsibility to you and our staff and ask at this time that if you are at all unwell or have been overseas and returned within the last 14 days, or been in contact with people who have, that you don't come into our office. Also, if you have been in to see us and become unwell with COVID-19 that you let us know immediately.

You can of course contact us via email or over the phone and we can organise contact via remote means if you wish to.

We need to come together as a community and support those we care about in this time of uncertainty as well as doing our own part to keep safe. We are here to support you and your businesses in any way we can.

Leanne, Becks & the Team



COVID-19 Government Economic Response

On the 17th March the government announced their business continuity plan to help all New Zealanders in what is a very uncertain time. Below and on the next page is an outline of the key measures:

- **Twelve-week wage subsidy scheme**

From the 17 March 2020 and for the next twelve weeks wage subsidies will be available for all employers that are significantly impacted by COVID-19 and are struggling to retain employees as a result. The scheme will be open to sole traders and the self-employed as well as businesses.

The subsidy is:

- \$585.80 per week for a full-time employee (20 hours or more), or
- \$350.00 per week for a part-time employee (less than 20 hours).

The payment is made as a lump sum for a period covering 12 weeks. The maximum any one employer can receive is \$150,000.

Employers must have suffered, or be projected to suffer, at least a 30% decline in revenue compared to last year for any month between January 2020 and June 2020. Applications can also be made based on forecast revenue loss within the period of the scheme.

Key undertakings required from the employer are:

- On their best endeavors, they will continue to employ the affected employees at a minimum of 80% of their income (eg 4 out of 5 days of the week) for the duration of the subsidy period.
- Employers must also have taken active steps to mitigate the impact of COVID-19 (eg engaged with their bank/financial advisor) and signed a declaration form to that effect.

Example:

Forestry contracting gang use wage subsidy

A six person contracting gang has been severely affected by the COVID-19 impact on logging exports and their revenue is down 90%. The employer applies for the targeted wage subsidy. The employer receives \$42,117 as a lump sum payment and can provide just over \$7,000 gross to each employee over the next 12 weeks.

- **Eight-week scheme for workers, contractors & self-employed taking COVID-19 leave**

The COVID-19 leave payment scheme runs for the next 8 weeks, providing financial support to businesses that have workers unable to work because they are in self-isolation, are sick with COVID-19. The scheme applies to employees, contractors and the self-employed.

The payments are:

- \$585.80 per week for a full-time employee (20 hours or more), or
- \$350.00 per week for a part-time employee (less than 20 hours).

The payment does not affect any paid leave entitlements that are owed and available even if an employee is on paid leave for part of the period. It is not available to those who can work from home during the period of isolation and who can be paid normally by their employer.

Employers apply for the leave on behalf of any employee who is self-isolating or sick. Payments can be backdated to 17 March 2020. MSD pays employers, who will then be required to pass it on to the affected employees. MSD will pay on a fortnightly basis once it receives an application. Key parameters are:

- Eligibility is open to all employees legally working in New Zealand (through their employers), the self-employed and contractors
- Eligibility will only be for workers not able to work from home
- Workers taking sick leave before 17 March 2020 can only access the scheme for time spent on sick leave from 17 March 2020. It will not be accessible for those who have travelled overseas since 16 March 2020
- The entitlement is for
 - those who self-isolate in accordance with public health guidelines and who register with Healthline
 - those who are ill with COVID-19
 - those who cannot work because they are caring for a dependent in either of these circumstances



COVID-19 Government Economic Response Continued:

• Immediate deductions for low value assets

Taxpayers will be able to deduct the full cost of more low-value assets in the year they purchased them, rather than having to spread the cost over the life of the asset. Taxpayers are currently able to claim an immediate deduction for the purchase of assets that cost less than \$500. This threshold will be further increased to allow the immediate expensing of assets that cost up to \$5,000, for the 2021 tax year. The temporary increase (to \$5,000) is designed to incentivise taxpayers to bring forward investments to encourage spending. The threshold is being permanently increased to \$1,000 (from 2022 tax year onwards).

Example:

Capes Comics Limited (Capes) is a comic store that sells comics and comic-related merchandise who wants to expand by investing in two new display cabinets worth \$4,600 in total. They believe this will increase the sales of high-value action figures. However, with the COVID-19 restrictions he is anxious about investing the \$4,600 especially given he can only deduct the cost of the cabinets over time through depreciation.

The government change to the low value write off threshold will mean that Capes can claim an immediate deduction for the cost of the cabinets, meaning they can reduce the tax paid this year by \$1,288, instead of that amount being spread over several years.

• Increase in provisional tax threshold from \$2,500 to \$5,000

Currently, taxpayers with a residual income tax of \$2,500 or more are required to pay provisional tax throughout the year. This threshold will be increased to \$5,000 from the 2021 tax year which means that less taxpayers will need to front the cash to meet their provisional tax obligations.

• Use-of-money interest write off for struggling taxpayers

Taxpayers who are adversely affected by COVID-19 and who can demonstrate the inability to pay tax by the due date may be eligible for a use-of-money interest write off. The relief will apply to all tax payments due on or after 14 February 2020. Currently, this measure will last for two years unless extended by the Government. Details on objective tests to be applied will be released by Inland Revenue shortly.

• Depreciation for buildings

Depreciation deductions will be reintroduced for commercial and industrial buildings from the 2021 income year. The depreciation deductions will be available to all sectors and will apply to both new and existing buildings on a permanent basis. Building owners will be able to adjust provisional tax payments immediately in anticipation of the additional deductions that will come available.

• Income support measures for beneficiaries and superannuitants

Two permanent changes have been made to welfare payments.

- Main benefits will rise by \$25 per week. These changes come into effect 1 April 2020 and are permanent.
- From 1 July 2020, working families with children who are not receiving a main benefit and have some level of employment income each week will no longer have to satisfy the hours test to receive the In-Work Tax Credit. This was previously set at a minimum of 20 hours a week for sole parents and 30 hours a week for couples with children.

In addition, the Winter Energy Payment paid to superannuitants and beneficiaries will double in 2020. This temporary measure begins on 1 May 2020 and will be \$40.91 per week for single people and \$63.64 for couples or people with dependents.

Business Bites

Changes from 1st April

Tax changes

New payment option for Working for Families debt - If you receive weekly or fortnightly Working for Families payments, there is a new payment option if you have debt to pay. This depends on legislation which is expected to pass shortly. If you receive more payments than you are entitled to and end up with a bill to pay, there will be a new instalment arrangement option. You can use some of your weekly or fortnightly payments to repay the bill in instalments. You'll be able to choose the instalment amount that works best for you, rather than having to pay the debt all in one go.

Minimum Wage changes

The minimum wage increases to \$18.90 an hour on 1 April 2020 — an increase of \$1.20. The starting-out and training minimum wage rates increase from \$14.16 to \$15.12 per hour (remaining at 80% of the adult minimum wage) and the Government has set an indicative rate of \$20 per hour from 1 April 2021 for the minimum wage.

If your business relies heavily on minimum wage employees, you may need to consider revisiting your pricing to ensure you don't just absorb this increase directly.



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Congratulations Carissa!



In February this year Carissa won her first national women's Croquet title scoring a convincing 2-0 win over defending champion Kathie Grant of Auckland in the final played at the Dannevirke Croquet Club.

The win lifted Carissa to a world ranking of 29, and she hopes to improve that to get direct entry into the world championships in Christchurch starting in late November.

Next up for Carissa is the prestigious Roger Murfitt Tournament in Petone which she has been invited to for the first time.

The SOSA team would like to congratulate Carissa on an outstanding achievement and wish her the best in what lies ahead!

Southey Sayer Wairarapa Koru 2019/20 Season



The Southey Sayer Koru's (Women's Wairarapa Cricket Team) have backed up their impressive start to the 2019/20 season with 4 strong performances against Whanganui, Manawatu, Wellington and Taranaki.

The team at SOSA would like to congratulate the Koru's on another outstanding season in which they have continued to grow Women's Cricket in the Wairarapa and provide opportunities for young local talent. We are very proud to be the naming sponsor for a 4th straight season.

Checklist for annual accounts

If you have a 31 March Balance Date your 2020 questionnaire will be with you shortly. Here are some tips to make sure we get everything we need:

- Answer all questions in our questionnaire.
- Make sure you have everything we have asked for in the questionnaire.
- Sign the completed questionnaire.
- Arrange for a stocktake if needed.
- Count cash in the tills and petty cash at the end of the last working day of your income year.
- Work out your debtor's balance as at the end of the financial year. Note any bad debts – should they be written off?
- Work out money you owe your creditors at balance date.

Please remember - if we have queries about your information - we need these answered to complete your work. Prompt replies save us time and means your work will be completed quickly and efficiently.

SOSA Easter Hours

We will be closed from 5pm on Thursday 9th April and will reopen at 8:30am on Wednesday 15th April.
Have a safe and Happy Easter!

An Important Message

While every effort has been made to provide valuable, useful information in this publication, this firm and any related suppliers or associated companies accept no responsibility or any form of liability from reliance upon or use of its contents. Any suggestions should be considered carefully within your own particular circumstances, as they are intended as *general information only*.

